



PUBLIC NOTICE

FEDERAL COMMUNICATIONS COMMISSION
445 12th STREET S.W.
WASHINGTON D.C. 20554

News media information 202-418-0500
Fax-On-Demand 202-418-2830; Internet: <http://www.fcc.gov> (or <ftp.fcc.gov>)
TTY (202) 418-2555

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Monday April 2, 2007

NON-STREAMLINED SUBMARINE CABLE LANDING LICENSE APPLICATIONS ACCEPTED FOR FILING

Unless otherwise specified, the following procedures apply to the applications listed below:

The applications listed below have been found, upon initial review, to be acceptable for filing. These applications are not subject to the streamlined processing procedures set forth in Section 1.767 of the Commission's rules, 47 C.F.R. § 1.767.

Unless otherwise specified, interested parties may file comments with respect to these applications within 28 days of the date of this public notice. We request that such comments refer to the application file number shown below.

Unless otherwise specified, ex parte communications between outside parties and Commission staff concerning these applications are permitted subject to the Commission's rules for "permit-but-disclose proceedings." See 47 C.F.R. § 1.1206.

Copies of all applications listed here are available for public inspection in the FCC Reference and Information Center, located in room CY-A257 at the Portals 2 building, 445 12th Street SW, Washington DC 20554. The center can be contacted at (202) 418-0270. People with Disabilities: To request materials in accessible formats for people with disabilities (braille, large print, electronic files, audio format), send an e-mail to fcc504@fcc.gov or call the Consumer & Governmental Affairs Bureau at 202-418-0530 (voice), 202-418-0432 (tty). All applications listed are subject to further consideration and review, and may be returned and/or dismissed if not found to be in accordance with the Commission's rules, regulations, and other requirements.

Submarine Cable Landing License

Application filed by members of the Trans-Pacific Express Cable Network Consortium for authority to land and operate a non-common carrier fiber-optic submarine cable system, the Trans-Pacific Express Cable Network (TPE), directly linking mainland China, South Korea, Taiwan and the United States. The application specifies that the TPE will be a 4-pair fiber optic cable system with initial equipped capacity of up to 1.28 terabits per second (Tbps), and a design capacity of up to 5.12 Tbps. The new cable system will extend more than 18,000 kilometers and have a life expectancy of 25 years. TPE will provide direct access from the United States to mainland China at wavelengths of up to 10 gigabits per second (Gbps).

The Application states that the TPE's configuration will combine a linear trans-Pacific route with an intra-Asian ring. In Asia, the cable will land at currently operational cable landing stations in Qingdao, China; Chongming, China; Tanshui, Taiwan; and Keoje, South Korea. Cables from these four terminal points will be brought together via branching units (BU) forming the intra-Asian ring. A single, 4-fiber pair cable will terminate in these BUs and cross the Pacific Ocean to the U.S. landing station in Nedonna Beach, Oregon.

The TPE consortium is composed of six parties: (1) MCI International, Inc. ("Verizon") (Nedonna Beach/Hillsboro landing station); (2) China Network Communications Group Corporation (China Netcom) (Qingdao landing station); (3) China Telecommunications Corporation (China Telecom) (Chongming landing station); (4) China United Telecommunications Corporation (China Unicom); (5) Chunghwa Telecom Co. Ltd. (Chunghwa Telecom) (Tanshui landing station); and, (6) KT Corporation (KT) (Keoje landing station). Each party will have an equal 16.66% ownership and voting interest in all international water segments of the cable network. Individual parties will own and control each landing station and the portion of the cable that connects that landing station to the portion of the cable system in international waters. Each party, except China Unicom, will also be responsible for operating the landing terminal equipment for the cable in the respective home service territories. The Cable Construction and Maintenance Agreement (C&MA) requires that decisions regarding the cable system be made by a two-thirds majority, with no party having veto power.

The Application states that under a subcontract agreement with Verizon, WCIC Cable Inc. (WCIC), a U.S. company that owns the cable landing station at Nedonna Beach, will provide landing party services to Verizon in support of TPE. The services include housing of the TPE power feed equipment at the WCIC Nedonna Beach Cable Station and use of existing conduit to facilitate placement of TPE terrestrial cables to Verizon's operations center in Hillsboro, Oregon, where the actual submarine landing terminal equipment will be housed (See Application at 2). Specifically, WCIC is selling indefeasible rights of use (IRUs) in its cable landing building and associated conduit at Nedonna Beach, Oregon to Verizon, as well as acting as a third party maintenance provider of a portion of Verizon's equipment and facilities at the U.S. end of the TPE cable. Such maintenance services are solely at the direction and under the supervision of Verizon (See Letter from Nancy J. Victory, counsel for Verizon, to Marlene H. Dortch, Secretary, FCC, dated March 26, 2007 ("Verizon Supplementary Letter" at 1)).

Verizon, however, will retain operational authority and provide direction to WCIC in all matters relating to the TPE (Verizon Supplementary Letter at 1-2). Verizon asserts that WCIC should not be required to be a licensee given WCIC's limited role with respect to the TPE cable. Verizon states that WCIC is not a party to the TPE C&MA and therefore has no rights over the operation or business of the TPE cable. Verizon also argues that WCIC would have no ability to respond to law enforcement requests regarding the TPE since all of the termination equipment will reside in Verizon's Hillsboro operations center. In the alternative, to the extent necessary, Verizon requests a waiver of section 1.767(h)(1) of the Commission's rules so that the application can be processed and granted without WCIC being required as a licensee for the TPE cable (Verizon Supplemental Letter at 2-3).

Verizon, a corporation organized under the laws of Delaware, is an indirect, wholly-owned subsidiary of Verizon Communications Inc. (Verizon Communications), a Delaware holding company that owns operating subsidiaries that provide a range of communications services. Verizon Communications is a publicly held company in which no person or entity holds a 10 percent or greater direct or indirect equity or voting interest. Verizon Communications has wholly-owned affiliates in two of the TPE destination markets - Taiwan and Korea, both Members of the World Trade Organization (WTO) - but neither affiliate has market power in the destination market.

China Netcom, a corporation organized under the laws of mainland China, is a wholly-owned, state-owned enterprise subject to the supervision of the State-owned Assets Supervision and Administration Commission of the State Council (SASAC), a government entity. SASAC is the controlling shareholder. China Netcom is a foreign carrier in mainland China, which is a WTO Member, and agrees to accept and abide by the reporting requirements in section 1.767(l) of the Commission's rules, 47 C.F.R. § 1.767(l).

China Telecom, a corporation organized under the laws of mainland China, is a wholly-owned, state-owned enterprise subject to the supervision of SASAC. SASAC is the controlling shareholder. China Telecom is a foreign carrier in mainland China, which is a WTO Member country, and agrees to accept and abide by the reporting requirements in section 1.767(l) of the Commission's rules, 47 C.F.R. § 1.767(l).

China Unicom, a corporation organized under the laws of mainland China, is a state-run enterprise subject to the supervision of SASAC. The Chinese government has an 80 percent ownership interest in China Unicom. No other person or entity holds a ten percent or greater direct or indirect equity interest in China Unicom. China Unicom provides telecommunications services in mainland China through several subsidiaries and operating companies. China Unicom is a foreign carrier in mainland China, which is a WTO Member,

through several subsidiaries and operating companies. China Telecom is a foreign carrier in mainland China, which is a WTO member, and agrees to accept and abide by the reporting requirements in section 1.767(l) of the Commission's rules, 47 C.F.R. § 1.767(l).

Chunghwa Telecom, a company organized under the laws of Taiwan, is 35.48 percent owned by the Ministry of Transportation and Communications (MOTC), a Taiwan government entity, and 31.8 percent owned by ADR-Chunghwa Telecom Co., LTD, a Taiwan telecommunications company. No other person or entity holds a ten percent or greater direct or indirect equity interest in Chunghwa Telecom. Chunghwa Telecom is a foreign carrier in Taiwan, which is a WTO Member, and agrees to accept and abide by the reporting requirements in section 1.767(l) of the Commission's rules, 47 C.F.R. § 1.767(l).

KT is a corporation organized under the laws of the Republic of Korea. KT's shares are publicly traded on the Korea Exchange and the New York Stock Exchange. Approximately 74.4 percent of the shares are outstanding with an estimated 47.6 percent held by foreign shareholders as of December 31, 2006. The Korean Government has no equity interest in KT. There is no entity who owns more than 10 percent of KT's shares. KT is a foreign carrier in Korea, which is a WTO Member, and agrees to accept and abide by the reporting requirements in section 1.767(l) of the Commission's rules, 47 C.F.R. § 1.767(l).

All six applicants agree to accept and abide by the routine conditions specified in section 1.767(g) of the Commission's rules, 47 C.F.R. § 1.767(g).

REMINDER:

Applicants must certify that neither the applicant nor any party to the application is subject to a denial of federal benefits by federal and/or state courts under authority granted in 21 U.S.C. § 862. See 47 C.F.R. §§ 1.2001–.2003.

An updated version of Section 1.767 of the rules, and other related sections, is available at <http://www.fcc.gov/ib/pd/pf/telecomrules.html>